

Presentment Date: February 3, 2020

Objection Deadline: January 31, 2020 at 4:00 p.m. (AST)

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,

Debtor.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

PUERTO RICO ELECTRIC POWER
AUTHORITY,

Debtor.

No. 17 BK 4780-LTS

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

SCIEMUS LIMITED, et al.

Plaintiffs,

-v-

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

PUERTO RICO ELECTRIC POWER
AUTHORITY,

Defendant.

Adv. Pro. No. 3:19-AP-369 LTS

**NOTICE OF PRESENTMENT BY PUERTO RICO
ELECTRIC POWER AUTHORITY OF REVISED PROPOSED ORDER
FOR UNDISPUTED PAYMENT AND RELEASE OF INSURANCE PROCEEDS**

PLEASE TAKE NOTICE that, on November 19, 2019, the Puerto Rico Electric Power Authority (“PREPA” or the “Debtor”), through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) as PREPA’s representative pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”), (collectively, “Defendants”), filed a *Motion for Undisputed Payment and Release of Insurance Proceeds* [Case No. 19-ap-00369, ECF No. 24] (the “Motion”), seeking an order allowing PREPA to accept from Plaintiffs (“Insurers”) payment of \$1,726,000 (the “Undisputed Payment”)² as payment of insurance proceeds under certain commercial property insurance policies issued to PREPA by Plaintiffs.

² For the avoidance of doubt, all of the insurers who are underwriters on the Property Insurance (as that term is defined herein) shall make their proportionate quota share percentage payment of the Undisputed Payment (as that term is defined herein) to PREPA whether such insurers are parties to this litigation or not.

PLEASE TAKE FURTHER NOTICE that, on December 2, 2019, PREPA filed a *Corrected Notice of Presentment of Amended Proposed Order Regarding Puerto Rico Electric Power Authority for Undisputed Payment and Release of Insurance Proceeds* [19-ap-00369, ECF No. 28], (the “December 2 Notice”). PREPA filed the December 2 Notice reflecting comments received from certain of PREPA’s bondholders in regards to the language of the previously filed proposed order filed with the Motion.

PLEASE TAKE FURTHER NOTICE that during the omnibus hearing on December 11, 2019, the Court raised questions concerning notice and the scope of the Amended Proposed Order. (See Omnibus Hearing Transcript, December 11, 2019, 28:10 - 29:16). On December 13, 2019, the Court adjourned the Motion to the omnibus hearing scheduled for January 29, 2020.

PLEASE TAKE FURTHER NOTICE that, on December 26, 2019, PREPA filed a *Renewed Motion of Puerto Rico Electric Power Authority for Undisputed Payment and Release of Insurance Proceeds* [19-ap-00369, ECF No. 32, 17-03283-LTS ECF No. 9649, 17-03284-LTS ECF No. 693] (see also, *Certificate of Service*, ECF No. 9692, indicating service to the service list on all three dockets) (the “Renewed Motion”). The Renewed Motion expanded notice and service, while containing the Amended Proposed Order with the language from comments received from certain of PREPA’s bondholders. The Renewed Motion was noticed for the January 29, 2020 omnibus hearing, and a Certificate of No Objection was filed on January 17, 2020.

PLEASE TAKE FURTHER NOTICE THAT, on January 21, 2020, the Court issued the *Order Regarding Renewed Motion of Puerto Rico Electric Power Authority for Undisputed Payment and Release of Insurance Proceeds* [Case No. 19-ap-00369, ECF No. 40]. Upon invitation from the Court, PREPA submits as **Exhibit A** the revised proposed order (the “Revised Proposed Order”) for the Court’s consideration. Exhibit A limits the scope of paragraphs 3 and 4

to parties served with the Renewed Motion. Additionally, for the Court's reference, PREPA submits as **Exhibit B** the blackline comparison showing the changes between the proposed order attached to the December 26 Renewed Motion and the Revised Proposed Order attached as Exhibit A.

PLEASE TAKE FURTHER NOTICE that, unless a written objection to the Revised Proposed Order is filed with the Court in accordance with the *Tenth Amended Case Management and Administrative Procedures Order* [ECF No. 8027-1] by 4:00 p.m. (AST) on January 31, 2020, no hearing will be held and the Revised Proposed Order may be approved by this Court.

PLEASE TAKE FURTHER NOTICE that copies of all documents filed in these Title III Cases are available (a) free of charge by visiting <https://cases.primeclerk.com/puertorico> or by calling +1 (844) 822-9231, and (b) on the Court's website at <http://www.prd.uscourts.gov>, subject to the procedures and fees set forth therein.

Dated: January 24, 2020
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

Hermann D. Bauer

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*Attorneys for the Puerto Rico Electric Power
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Exhibit A

Proposed Order

Presentment Date: February 3, 2020

Objection Deadline: January 31, 2020 at 4:00 p.m. (AST)

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,

Debtor.³

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

PUERTO RICO ELECTRIC POWER
AUTHORITY,

Debtor.

No. 17 BK 4780-LTS

SCIEMUS LIMITED, et al.

Plaintiffs,

-v-

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

Adv. Pro. No. 3:19-AP-369 LTS

³ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

as representative of

PUERTO RICO ELECTRIC POWER
AUTHORITY,

Defendant.

**[PROPOSED] ORDER GRANTING REVISED MOTION OF
PUERTO RICO ELECTRIC POWER AUTHORITY FOR UNDISPUTED PAYMENT
AND RELEASE OF INSURANCE PROCEEDS**

Upon consideration of the *Renewed Motion of Puerto Rico Electric Power Authority For Undisputed Payment and Release of Insurance Proceeds* (the “Motion”),⁴ filed by the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the representative of the Puerto Rico Electric Power Authority (“PREPA”) in this Title III case pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), 48 U.S.C. §§ 2101-2241; and the Court having found it has subject matter jurisdiction over this matter pursuant to section 306(a) of PROMESA; and it appearing that venue in this district is proper pursuant to section 307(a) of PROMESA; and the Court having found the relief requested in the Motion is in the best interests of PREPA, its creditors, and other parties in interest; and Plaintiffs having consented to the relief requested by the Motion; and the Court having found the Oversight Board and PREPA provided adequate and appropriate notice of the Motion under the circumstances and no other or further notice is required; and upon the record herein, after due deliberation thereon, the Court having found good and sufficient cause exists for granting the relief as set forth herein,

IT IS HEREBY FOUND, DETERMINED, AND ORDERED:

1. The Motion is GRANTED as set forth herein.

⁴ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

2. Insurers shall promptly pay the Undisputed Payment of \$1,726,000 to PREPA under the Property Insurance on account of the Loss.

3. No creditor of PREPA who was served with the Renewed Motion, nor any other party served with the Renewed Motion, shall interfere with the transfer of the Undisputed Payment to PREPA or PREPA's use of the Undisputed Payment at its discretion.

4. Plaintiffs shall not be subject to claims of PREPA's existing creditors who were served with the Renewed Motion or to claims of third parties who were served with the Renewed Motion with respect to the payment of the Undisputed Payment to PREPA in accordance with this Order, and payment of the Undisputed Payment of \$1,726,000 to PREPA shall satisfy Insurers' obligations under the Property Insurance with respect to the amount so paid. No creditor of PREPA who was served with the Renewed Motion or other party who was served with the Renewed Motion shall have any claim against Plaintiffs in respect of the obligation so satisfied by payment of the Undisputed Payment of \$1,726,000.

5. Insurers shall not seek a refund, reimbursement, or claw-back of the Undisputed Payment or any portion thereof.

6. Insurers retain all rights, remedies and defenses under the Property Insurance and at law.

7. Defendants retain all further rights, remedies, claims, and defenses under the Property Insurance, including, without limitation, the right to seek additional amounts under the Property Insurance.

8. Except as expressly stated herein, this Order shall not be interpreted to limit any party's rights.

9. Immediately upon entry by the Court of this Order, PREPA is authorized to take all actions, and to execute all documents, necessary or appropriate, to effectuate the relief granted herein.

10. The Court shall retain jurisdiction to hear and determine all matters arising from implementation of this Order.

Dated: _____

HON. LAURA TAYLOR SWAIN
United States District Judge

Exhibit B

Blackline of Revised and Renewed Proposed Orders

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

<div>In re:</div> <div>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</div> <div>as representative of</div> <div>THE COMMONWEALTH OF PUERTO RICO,</div> <div>Debtor.¹</div>	<div>PROMESA Title III</div> <div>No. 17 BK 3283-LTS</div> <div>(Jointly Administered)</div>
<div>In re:</div> <div>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</div> <div>as representative of</div> <div>PUERTO RICO ELECTRIC POWER AUTHORITY,</div> <div>Debtor.</div>	<div>No. 17 BK 4780-LTS</div>
<div>SCIEMUS LIMITED, et al.</div> <div>Plaintiffs,</div> <div>-v-</div> <div>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</div> <div>as representative of</div>	<div>Adv. Pro. No. 3:19-AP-369 LTS</div>

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

PUERTO RICO ELECTRIC POWER
AUTHORITY,

Defendant.

**[PROPOSED] ORDER GRANTING RENEWED MOTION OF
PUERTO RICO ELECTRIC POWER AUTHORITY FOR UNDISPUTED PAYMENT
AND RELEASE OF INSURANCE PROCEEDS**

Upon consideration of the *Renewed Motion of Puerto Rico Electric Power Authority For Undisputed Payment and Release of Insurance Proceeds* (the “Motion”),² filed by the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the representative of the Puerto Rico Electric Power Authority (“PREPA”) in this Title III case pursuant to section 315(b) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), 48 U.S.C. §§ 2101-2241; and the Court having found it has subject matter jurisdiction over this matter pursuant to section 306(a) of PROMESA; and it appearing that venue in this district is proper pursuant to section 307(a) of PROMESA; and the Court having found the relief requested in the Motion is in the best interests of PREPA, its creditors, and other parties in interest; and Plaintiffs having consented to the relief requested by the Motion; and the Court having found the Oversight Board and PREPA provided adequate and appropriate notice of the Motion under the circumstances and no other or further notice is required; and upon the record herein, after due deliberation thereon, the Court having found good and sufficient cause exists for granting the relief as set forth herein,

IT IS HEREBY FOUND, DETERMINED, AND ORDERED:

1. The Motion is GRANTED as set forth herein.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

2. Insurers shall promptly pay the Undisputed Payment of \$1,726,000 to PREPA under the Property Insurance on account of the Loss.

3. No creditor of PREPA ~~or~~ who was served with the Renewed Motion, nor any other party served with the Renewed Motion, shall interfere with the transfer of the Undisputed Payment to PREPA or PREPA's use of the Undisputed Payment at its discretion.

4. Plaintiffs shall not be subject to claims of PREPA's existing creditors ~~or~~ who were served with the Renewed Motion or to claims of third parties who were served with the Renewed Motion with respect to the payment of the Undisputed Payment to PREPA in accordance with this Order, and payment of the Undisputed Payment of \$1,726,000 to PREPA shall satisfy Insurers' obligations under the Property Insurance with respect to the amount so paid. No creditor of PREPA who was served with the Renewed Motion or other party who was served with the Renewed Motion shall have any claim against Plaintiffs in respect of the obligation so satisfied by payment of the Undisputed ~~Amount~~ Payment of \$1,726,000.

5. Insurers shall not seek a refund, reimbursement, or claw-back of the Undisputed Payment or any portion thereof.

6. Insurers retain all rights, remedies and defenses under the Property Insurance and at law.

7. Defendants retain all further rights, remedies, claims, and defenses under the Property Insurance, including, without limitation, the right to seek additional amounts under the Property Insurance.

8. Except as expressly stated herein, this Order shall not be interpreted to limit any party's rights.

9. Immediately upon entry by the Court of this Order, PREPA is authorized to take all actions, and to execute all documents, necessary or appropriate, to effectuate the relief granted herein.

10. The Court shall retain jurisdiction to hear and determine all matters arising from implementation of this Order.

Dated: _____

HON. LAURA TAYLOR SWAIN
United States District Judge